

High Need Foreclosure Methodology

Foreclosed priority areas identify zip codes with the greatest foreclosure need. This document describes the high-need zip codes as well as an alternative method for quantifying foreclosure need in a community. An interactive version of maps detailing these locations are available on Minnesota Housing's website: www.mnhousing.gov > Policy & Research > Community Profiles

High Need Zip Codes Defined

Based on zip code level data purchased from CoreLogic, Minnesota Housing identified 123 residential zip codes (out of 883 statewide) with the greatest foreclosure need. Need is based on the following factors in each zip code, and the factors received the following weights to form a composite foreclosure rate for September 2013:

- REO rate (50%),
- Foreclosure rate (30%), and
- Delinquency rate (20%)

Under this definition, high need zip codes are those with a composite rate that is at least 1 ½ times greater than the state rate.

See Map 1 for the high-need zip codes. Table 1 lists the zip codes by county. If a development is in one of the listed zip codes, it is eligible for this priority.

Alternative to High Need Zip Codes

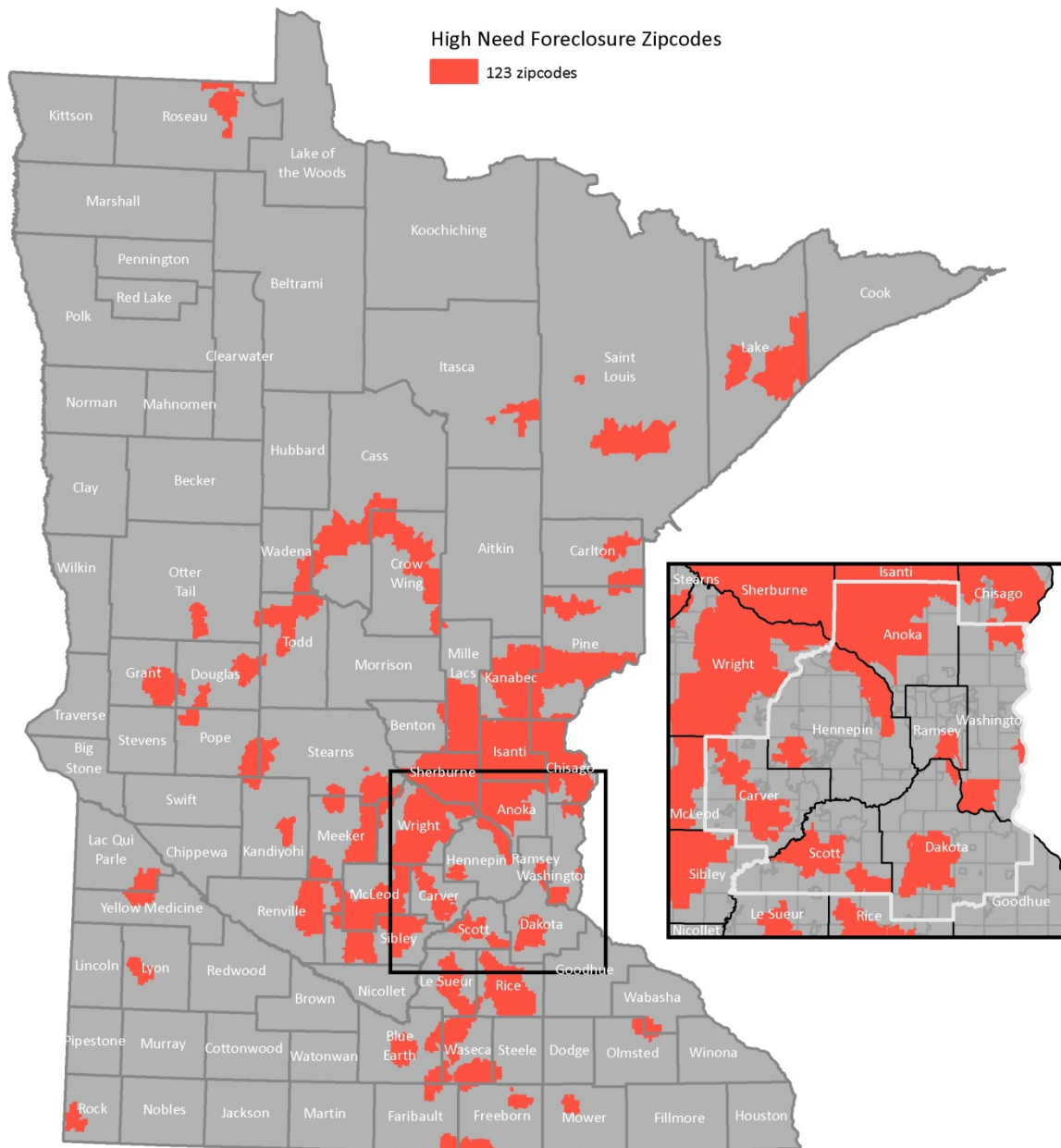
Because zip codes can contain up to 20,000 households, some high need areas are not identified by the zip code analysis. One section of a zip code may have a very high foreclosure rate, while the remaining parts of the same zip code may have a low rate, giving the zip code a lower foreclosure rate overall. To account for this shortcoming in the analysis, an applicant working outside one of the high need zip codes can still receive credit for the foreclosure priority if the development is in a community or neighborhood with at least a 7.5% sheriff-sales rate. The rate is calculated by identifying the community or neighborhood around the development and computing the number of residential sheriff sales that occurred during 2011, 2012, and 2013 in the community or neighborhood and then dividing the three year total by the number of residential parcels in the community or neighborhood. To be eligible for the foreclosure priority, the community or neighborhood boundaries must be acceptable to Minnesota Housing and contain at least 200 residential parcels. Isolated small pockets of foreclosures are not eligible for this priority.

Each applicant seeking credit for a development in a high-need foreclosure area under the alternative definition (outside an identified high-need zip codes) must provide the following information:

1. A map showing the boundaries of the community or neighborhood and the development's location within it;
2. The number of sheriff sales that occurred in the identified community or neighborhood during 2011, 2012, and 2013 (with a separate figure for each year); and
3. The number of residential parcels in the identified community or neighborhood (not the number of households).

Finally, new subdivisions that are partially completed are not eligible to be counted in the sheriff sales calculation. A partially-completed, new subdivision is defined as a development where less than 90% of the lots have been fully developed with a residential structure and are ready to be occupied or less than 90% of the fully-developed residential structures have been occupied at some point.

Map 1 - High Need Foreclosure Zip Codes



Source: Minnesota Housing analysis of CoreLogic data for September 2013.

Notes: The index is based on each zip code's composite score which is based on the rate of properties that are Real Estate Owned (REO) (50%), in foreclosure (30%), and in 90+ day delinquency (20%). Each zip code's rate is divided by the state rate to compute the composite index score. An index score of 150 means the zip code's rate is one and a half times the state rate, while an index score of 50 would mean the zip code's rate is half the state rate.

Table 1 - Listing of High Need Zip Codes

Primary County	Zip Code	Primary County	Zip Code	Primary County	Zip Code	Primary County	Zip Code
Anoka	55005	Freeborn	56029	Lyon	56157	Scott	55054
Anoka	55011	Freeborn	56035	McLeod	55312	Scott	55352
Anoka	55070	Freeborn	56045	McLeod	55336	Sherburne	55308
Anoka	55303	Grant	56311	McLeod	55354	Sherburne	55309
Anoka	55304	Grant	56339	McLeod	55385	Sherburne	55319
Anoka	55448	Hennepin	55316	McLeod	55395	Sherburne	55330
Blue Earth	56037	Hennepin	55327	Meeker	55324	Sherburne	55398
Blue Earth	56080	Hennepin	55364	Meeker	55325	Sibley	55307
Carlton	55718	Hennepin	55411	Meeker	55329	Sibley	55338
Carlton	55749	Hennepin	55412	Meeker	56228	Sibley	55396
Carver	55322	Hennepin	55429	Mille Lacs	55371	Stearns	55353
Carver	55360	Hennepin	55430	Mille Lacs	56330	Stearns	56316
Cass	56474	Hennepin	55443	Mille Lacs	56353	Stearns	56369
Chisago	55012	Hennepin	55444	Mower	55918	Todd	56437
Chisago	55032	Hennepin	55445	Otter Tail	56524	Todd	56440
Chisago	55045	Isanti	55006	Pine	55030	Todd	56479
Chisago	55056	Isanti	55008	Pine	55037	Wabasha	55932
Chisago	55069	Isanti	55017	Pine	55795	Waseca	56048
Chisago	55074	Isanti	55040	Ramsey	55101	Waseca	56072
Chisago	55079	Isanti	55080	Ramsey	55106	Washington	55016
Crow Wing	56441	Itasca	55722	Ramsey	55107	Washington	55043
Crow Wing	56442	Itasca	55764	Ramsey*	55130	Washington	55071
Crow Wing	56444	Itasca	55775	Renville	55342	Washington	55073
Crow Wing	56450	Kanabec	55007	Rice	55019	Wright	55301
Dakota	55024	Kanabec	55051	Rice	55021	Wright	55313
Dakota	55075	Kandiyohi	56251	Rice	55046	Wright	55349
Douglas	56319	Lac Qui Parle	56218	Rock	56116	Wright	55358
Douglas	56327	Lake	55603	Roseau	56756	Wright	55362
Douglas	56355	Le Sueur	56057	Saint Louis	55713	Wright	55363
Faribault	56051	Le Sueur	56096	Saint Louis	55724	Wright	55382
Faribault	56068			Scott	55020	Wright	55390

***55130.** This zip code on Saint Paul's East Side is relatively new. While local data support that this zip code has significant foreclosures, the analysis did not pick up this area as a hot spot for foreclosure and thus was altered to be included as a high need zip code.